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United States  
Department of  
Agriculture

Food and  
Nutrition  
Service

FNS-274

# Eligibility Guidance for School Meals Manual

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**APPLICATION FOR FREE AND REDUCED PRICE MEALS**  
To apply for free or reduced price meals, complete this application, sign your name and return the application to the school. Complete a separate application for each foster child. Call the school if you need more applications. Form application is made, grade, name of school, and each child's food stamp number.

NAME OF CHILD \_\_\_\_\_  
GRADE \_\_\_\_\_  
NAME OF SCHOOL \_\_\_\_\_  
FOOD STAMP NUMBER \_\_\_\_\_

List the child's monthly income. Write "0" if the child has no income. \$  
MONTHLY INCOME: If you gave a food stamp or AFDC case number, for each child (n) listed above, all other children, you need more. \$  
GROSS INCOME \_\_\_\_\_  
NET INCOME \_\_\_\_\_

MONTHLY Welfare Payments, Child Support, Alimony, Unemployment Compensation	MONTHLY Payments from Pensions, Retirement, Social Security, Strike Benefits
\$ _____	\$ _____
\$ _____	\$ _____
\$ _____	\$ _____
\$ _____	\$ _____
\$ _____	\$ _____
\$ _____	\$ _____
\$ _____	\$ _____
\$ _____	\$ _____
\$ _____	\$ _____
\$ _____	\$ _____

**4 SIGNATURE AND**  
member, except if you  
**PENALTIES FOR MISREPRESENTATION**  
given for the receipt of federal funds; that school officials may verify the information to prosecution under applicable state and federal laws.

Signature of Adult Household Member \_\_\_\_\_  
HOME TELEPHONE NO. \_\_\_\_\_  
STREET/APT. NO. \_\_\_\_\_  
**5 RACE** \_\_\_\_\_

This manual contains information on Federal policy regarding the determination and verification of students' eligibility for free and reduced price meals in the National School Lunch Program, the School Breakfast Program, and the Commodity School Program. These policies also apply to the determination of eligibility for free milk under the Special Milk Program. Policies in your State may vary. State agencies may institute State policies that do not conflict with the Federal requirements. Check with your State agency if there are any questions regarding State policy.

All U.S. Department of Agriculture Programs are equal opportunity programs. If you believe you or anyone has been discriminated against because of race, color, national origin, sex, age, or handicap, write immediately to the Secretary of Agriculture, Washington, DC 20250.

August 1991



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## Introduction

This manual contains information on determining students' eligibility for free and reduced price meals in the National School Lunch Program, the School Breakfast Program, and the Commodity School Program. It is also applicable for schools in the Special Milk Program that serve free milk to eligible students.

State agencies, school food authorities, and school officials that claim reimbursement for free, reduced price, and paid meals under USDA programs must ensure that they have adequate documentation on file to support the claim. School food authorities that participate in the Special Milk Program and that have elected to serve free milk to eligible children are required to have the same documentation as that for free meals except where noted.

It is the intent of Congress that nutritious meals or milk be available to all schoolchildren regardless of the household's ability to pay. USDA has regulations (7 CFR Part 245) that carry out this intention. State agencies and school food authorities enter into agreements to operate meal programs and to comply with these USDA regulations. However, State agencies may institute additional State policies that do not conflict with the Federal requirements.

Each of the forms, applications, statements, notices, letters, and worksheets mentioned in the manual are provided in a separate package to the State agencies. Contact your State agency for copies.



## Part 1

### General Requirements

All schools participating in the federally-assisted National School Lunch Program (NSLP), School Breakfast Program (SBP), Special Milk Program (SMP) or Commodity School Program **must** make meals or milk available to all students in attendance who wish to participate in the program(s).

All schools participating in the NSLP, SBP, or the Commodity School Program **must** make free and reduced price meals available to eligible students, and all schools participating in the free milk option of the SMP **must** make free milk available to eligible students.

State agencies (SA) and school food authorities (SFA) **must** provide free and reduced price benefits in accordance with the provisions explained in this manual. Authority for these requirements is found in the Code of Federal Regulations, 7 CFR Part 245, and other applicable Food and Nutrition Service and Departmental regulations.

SAs **must** issue free and reduced price policy guidance to SFAs and any other instructions necessary to ensure that SFAs are aware of Federal and State requirements pertaining to free and reduced price meals and free milk.

To be eligible to receive reimbursement for meals and milk served, each SFA **must** have an approved policy statement on file at the SA by October 15 of each year.

Once an SFA's policy statement is approved, the policy statement is considered part of its SA-SFA agreement to operate the programs.

See page 5 for the specific requirements for the policy statement.



## Part 2

### Free and Reduced Price Policy Statement

#### Policy Statement

Each school food authority (SFA) participating in the National School Lunch Program (NSLP), School Breakfast Program (SBP), or Commodity School Program **must** have an approved free and reduced price policy statement on file at the State agency (SA) or the Food and Nutrition Service regional office (FNSRO) by October 15 of each school year. Similarly, a free policy statement **must** be approved by the SA or FNSRO for SFAs participating in the Special Milk Program (SMP) with the free milk option. In lieu of separate policy statements for free milk and for free and reduced price meals, SFAs may combine the statement for both meals and milk when some of the schools in the district participate in the SMP and others participate in meal programs. Specific instructions on the development of the policy statement and policy approval process are provided to SFAs by the SA.

The free and reduced price policy statement **must** contain, at a minimum, the following:

- the official(s) designated to make eligibility determinations,
- the income eligibility guidelines (IEGs) for the current school year,
- the specific procedures to accept applications for benefits,
- a description of the method(s) used to collect payments from children paying the full price of the meal or milk or the reduced price of the meal which prevents the overt identification of the children receiving free or reduced price meals or free milk,
- an assurance that the school will abide by the hearing procedure and the nondiscrimination practices, and
- a copy of the application form and letter or notice to households.

The free and reduced price policy statement should also contain a copy of the following:

- the media release;
- notice to households of approval or denial of benefit;
- notice to households of selection for verification;
- notice to households of adverse action; and
- in SFAs that have opted to implement direct certification, a notice of eligibility under direct certification.

Each SFA **must** have an SA-approved policy statement by October 15, or reimbursement will be suspended until a policy statement is approved.



## Policy Statement Renewal

At the option of the SA, an SFA may adopt its prior year's policy statement for the current school year without submitting a complete policy statement with all attachments each year. Under this option, an SFA **must** indicate that it is renewing its prior year's policy statement and submit only the changes to the prior year's policy for approval. The SFA **must** indicate any changes from the prior year and attach a description of the change. In all cases, the SFA **must** have an approved policy statement on file at the SA that accurately describes its current free and reduced price policies.

The renewal **must** reflect:

- changes made necessary by law/regulations;
- current IEGs; and
- changes made by the SFA, e.g., changes in collection procedures, designation of new approving/hearing official(s), changes in procedures for accepting applications, and revisions in the public release, notice to households, or application for free and reduced price meals/free milk.

## Part 3

### Public Announcement About Benefits

#### Public (Media) Release

Near the beginning of each school year, the public must be notified that the National School Lunch Program (NSLP), School Breakfast Program (SBP), Special Milk Program (SMP), and/or Commodity School Program are available in your school or school district. This notice must include the eligibility criteria for free and reduced price meals and/or free milk. It must be provided to the local news media, the employment office, and any major employers who are contemplating large layoffs in the attendance area of the school.

In school districts that implement direct certification, the notice may also include the information that households currently certified to receive food stamps or Aid to Families with Dependent Children (AFDC) for their children will be notified of their eligibility and that their children will be provided free benefits unless the household notifies the school that they choose to decline benefits. It must also say that food stamp and AFDC households should not submit an application unless they are not notified of their eligibility by a specified date determined by the school.

The public release **must** contain the same information supplied in the letter or notice to households, except that the public release **must** contain **both** the free and reduced price income eligibility guidelines (IEGs). However, a public release that only refers to the SMP should not contain reduced price IEGs.

A State agency (SA) may make the public release on behalf of its school food authorities (SFA). If so, this must be stated in the free and reduced price policy statement that is a part of the SA-SFA agreement. The free and reduced price policy statement must specify exactly what responsibilities the SA will assume, such as sending the public release to the local media, employment office, etc., and the names of the schools affected by the policy.

Copies of the public release **must** be made available upon request to any interested person.

#### Letter or Notice to Households

Also at the beginning of each school year, letters or notices **must** be distributed to the households of children attending the school. This letter or notice should tell the households that school nutrition programs are available and that meals may be available free or at a reduced price, or that milk may be available free. An application form must be included with the letter or notice.

The letter or notice should be sent to households of all schoolchildren as early as possible in the school year so that eligibility determinations may be made and free and reduced price benefits provided as soon as possible.

New students enrolling in a school after the start of the school year should be provided a letter or notice and an application form when they enroll.

The letter or notice **must** contain the following information:

- In schools participating in the NSLP, SBP, or Commodity School Program, the notice to households **must** contain only the **reduced price** guidelines with an explanation that households with incomes at or below the reduced price limits are eligible for either free or reduced price meals.
- In schools participating in the SMP with the free milk option, the **free** guidelines **must** be provided with the application.
- In schools participating in the NSLP, SBP, or the Commodity School Program and also participating in the SMP with the free milk option for their split-session kindergarten students, children in the split-session kindergarten **must** receive the free milk guidelines, and the households of the other students **must** receive the reduced price limits (with the explanation that households with incomes at or below the guidelines are eligible for free or reduced price meals). When a multi-child application is used in such schools, both guidelines **must** be included in the notice to households.
- Instructions on how a household may apply for free or reduced price meals or for free milk for its children.
- An explanation that an application for free or reduced price benefits cannot be approved unless it contains complete eligibility information as specified on page 10.
- An explanation that households with children who are members of currently certified food stamp households or AFDC assistance units may submit applications for these children with the abbreviated information described on page 10.
- An explanation that the information submitted on the application may be verified at any time during the school year.
- An explanation that:
  - households receiving free or reduced price benefits based on income and household size information **must** notify school officials during the school year of any decreases in household size and any increases in income over \$50 per month or \$600 per year, and

NOTE: The SA may establish a lesser amount.

- households that provide a food stamp or AFDC case number, in lieu of income information, **must** notify the SFA of any termination of certification for receipt of benefits for such children under the Food Stamp Program or AFDC Program and may complete another application listing income information.

- A statement that a household may apply for benefits at any time during the school year if their circumstances change.
- A statement that children of parents or guardians who become unemployed may be eligible for free or reduced price meals or for free milk during the period of unemployment.
- A statement that foster children may be eligible for free or reduced price meals or free milk regardless of the income of the households with whom they reside. The SFA may wish to include instructions on how to complete the application for a foster child.
- The following two statements must be included:

In the operation of child feeding programs, no child will be discriminated against because of race, sex, color, national origin, age, or handicap.

If you believe you have been discriminated against, you should write immediately to the Secretary of Agriculture, Washington, D.C. 20250.

- An explanation that a household may appeal the decision of the SFA with respect to the application using the hearing procedure described in the SFA's free and reduced price policy statement.

The SFA should inform households that the information they provide will be used only for determining eligibility for meal or milk benefits and verification of eligibility.

Requirements for application forms and parent notification are changed frequently as eligibility requirements change. Contact your State agency for the most current requirements.

## Application Form Requirements

An application form **must** accompany the letter or notice to households. Unless the SA or SFA is obtaining information directly from the food stamp or AFDC office that students are categorically eligible for benefits (see pages 39-40 of this manual for more information on direct certification), households **must** apply for benefits for their children. The application forms provided to households **must** meet the following requirements:

- The application **must** be clear and simple in design.
- The application **must** include clear instructions for submission of a completed application.



- The application **must** request that the household provide the following:

**For Food Stamp and/or AFDC Households:**

- name of the child for whom application is made,
- food stamp or AFDC case number for the child for whom application is made, and
- signature of an adult household member.

**For Other Households (Income Households):**

- names of all household members,
- amount of income received in the prior month by each member and the source of the income,
- social security number of the adult household member who signs the application or an indication that the household member does not have one, and
- signature of an adult household member.

- The application form **must** contain:
  - a Privacy Act statement. That statement must address the following:
    - (1) the disclosure of a social security number is voluntary, however, a social security number is required for approval of the application;
    - (2) the social security number is required under provisions of the National School Lunch Act; and
    - (3) what uses will be made of the social security number.
  - the foster child statement. In certain cases foster children are eligible for free or reduced price meals or free milk regardless of the household's income. If you have foster children living with you and wish to apply for such meals or milk for them, please contact us. In lieu of this statement, the SFA may include on the form the instructions on how to apply for a foster child.
  - a statement directly above the signature block to certify (1) that the person signing is furnishing true information and to advise that person that the application is being made in connection with the receipt of Federal funds, (2) that school officials may verify the information on the application, and (3) that deliberate misrepresentation of the information may subject the applicant to prosecution under State and Federal statutes.

Additionally, the SA or SFA may wish to include a racial/ethnic identification question if the application is the only source of this data. If the application is not used for racial/ethnic data, an alternative method for collecting this information should be provided.



## Foreign Language Translations

When SAs and SFAs develop their own application to accommodate more than one child in the household (a multi-child application), the application **must** provide space for identifying each child separately as a member of a food stamp household or AFDC assistance unit. This is necessary because of the possibility of “mixed” households in which some children may be part of a food stamp household or AFDC assistance unit and some may not. Those children who are part of the food stamp household or AFDC assistance unit **must** be given the opportunity to apply under categorical eligibility criteria. However, to establish eligibility for those children in the household who are not categorically eligible, all household names and household income information, **including** the amount of any AFDC assistance that is received, **must** also be provided on the application.

Schools using the multi-child application should require the household to submit a separate application for each foster child.

Where a significant number or proportion of the population eligible to be served in the SFA needs information in a language other than English, SFAs **must** make reasonable efforts, considering the size and concentration of such population, to send appropriate non-English language household letters or notices and application forms to such households.

Schools are encouraged to provide households with assistance in completing applications through the use of personnel proficient in foreign languages.

## Questions and Answers About Applications

1. Q. How do I handle the distribution of applications for year-round schools?
  - A. Applications should be distributed on or about July 1 or soon thereafter so that households are provided with current eligibility criteria and so that eligibility determinations are based on the current income eligibility guidelines (IEGs).
2. Q. May I provide applications at the end of the school year for parents to return at the beginning of the next school year?
  - A. No. Households **must** be provided with the IEGs and other eligibility criteria near the beginning of the school year. The media release, household letter, and application form must reflect any changes in the eligibility criteria. Households **must** be provided with up-to-date eligibility information so they are fully aware of the eligibility criteria to determine whether or not to apply.
3. Q. May I distribute applications in the lunch line?
  - A. This is not recommended. If the application is distributed in the lunch line, all students may not have access to the application.
4. Q. May I distribute the applications to the children, or do I have to mail them to the parents? May I announce that applications are available in the principal's office for any child or parent who wants one?
  - A. The school may distribute the applications and a letter or notice to the children. They do not have to be sent in the mail. For example, the school could include the application in a packet of school-related information addressed to the parent but carried home to the parent by the student at the beginning of the school year. Applications **must** be distributed in some manner. A public announcement that applications are available and that interested parties may pick one up is not sufficient.
5. Q. Must I send applications to children who were approved last year?
  - A. Schools are required to distribute applications at the beginning of each school year to parents of all children in attendance at school. This requirement is designed to ensure that current income and household size are correctly represented each year.

**EXCEPTION:** School food authorities (SFAs) that elect to participate in the Special Assistance Certification and Reimbursement Alternatives are exceptions. These alternatives are known as Provision 1 and Provision 2. Under Provision 1, an SFA of a school having at least 80 percent of its enrolled children determined eligible for free or reduced price meals may authorize the school to reduce annual certification and public notification for those

children eligible for free meals to once every 2 consecutive school years. Under Provision 2, an SFA of a school that serves all enrolled students free meals may reduce annual certification and public notification for free and reduced price meals in that school to once every 3 years. Interested SFAs should contact their State agency for further information.

6. Q. In a computerized operation, may I submit a pre-printed copy of last year's application for the household to confirm the accuracy of the application and sign it? If not, what items may I preprint?
  - A. It is the household's responsibility to complete the application. A school may send households an application with the child's name, and the household's name and address preprinted on it. No other information required for eligibility determination may be preprinted.
7. Q. Does the racial/ethnic data collection question have to be included on the application form?
  - A. The racial/ethnic identity question is not required to be on the application. However, USDA regulations implementing the Civil Rights Act of 1964 require recipient agencies to have available for review racial/ethnic data showing the extent to which minorities apply and are beneficiaries of federally-assisted programs. If the SFA does not collect this data in another way, the application may be an efficient way to collect the data.
8. Q. Do I have to provide foreign language translations of the application and household letter or notice if I have translators available to assist the households in completing the application?
  - A. SFAs **must** send appropriate non-English language parent letters and application forms to households if a significant number of enrolled children come from households belonging to the same foreign language group and having limited English communication skills. If the number of non-English language households is not significant, the SFAs need not provide foreign language translations. Such SFAs are, however, encouraged to provide assistance in filling out applications through the use of personnel proficient in the necessary foreign languages.





## Part 4

### Processing of Applications

#### Free and Reduced Price Reimbursement

The school food authority (SFA) or school **must** have a valid application on file for each student served a meal or milk meeting program requirements that is claimed for Federal reimbursement at the free or reduced price rate. A valid application is one that is complete and has been currently and correctly approved for free or reduced price benefits.

**EXCEPTIONS:** Students who have been directly certified do not need to submit an application (see pages 39-40 of the manual for more information on direct certification). Also, residential child care institutions (RCCIs) and boarding schools with income information on file may document eligibility by other means. For more information on this process, SFAs should contact their State agency (SA).

#### Benefits Prior to Processing Applications

Before applications are processed for the school year, the SFA may only claim and be reimbursed for free and reduced price meals or free milk served to:

- children from households with approved applications on file from the previous year
- new children in an SFA from households with children who were approved for benefits the previous year, except that a child's categorical eligibility may not be extended to a sibling
- previously approved children who transfer from one school to another under the jurisdiction of the same SFA. If the applications are not centrally maintained, both the sending and the receiving school **must** maintain a copy of the transfer student's application.

Applications from the prior year may only be used for the students represented by these applications.

Prior to processing applications for the school year, SFAs cannot claim or be reimbursed for free and reduced price meals or free milk served to new children who are not part of households approved the previous year or to children who transfer between schools under the jurisdiction of different SFAs **unless** the receiving school obtains a copy of the prior year's application. Therefore, local school officials are encouraged to expedite eligibility determinations for all such new enrollees.

Applications from a prior year are only valid for the first 30 operating days of the school year (or earlier if specified by the SA).

#### Application Processing Timeframe

Applications should be reviewed and an eligibility determination made **within 10 working days** of the receipt of the application. Whenever possible, applications should be processed immediately, particularly for new students who do not have approved applications on file from the previous year.



## Eligibility Criteria

For a child to be eligible for free or reduced price benefits, the child must have been directly certified or the household **must** have submitted a complete application **and** be either categorically eligible or income eligible.

**Complete Application** – An application that contains all required information for making an eligibility determination as described below.

**Categorical Eligibility** – If food stamps or Aid to Families with Dependent Children (AFDC) is received for a child, that child is automatically eligible for free meals or milk when the household submits a complete application as described below.

**Income Eligibility** – A child from a household that submits a complete application and the sum of the reported income for the household is at or below the income eligibility guidelines (IEGs) is eligible for either free or reduced price benefits, as applicable.

The determining official **must** review each incoming application to ensure that the household has submitted a complete application. If the application is complete, the official **must** then determine whether the household is categorically eligible or income eligible for benefits.

U.S. citizenship is **not** a condition of eligibility for free and reduced price benefits. SFAs **must** apply the same eligibility criteria for citizens and non-citizens.

## Complete Application

A complete application **must** include all the following required information before the determining official can make an eligibility determination:

### Required information to determine categorical eligibility (for food stamp/AFDC households):

- name of the child,
- the appropriate food stamp or AFDC case number, and
- signature of an adult household member.

**Required information to determine income eligibility (for non-food stamp/non-AFDC households):**

- names of **all** household members including the child for whom application is made;
- social security number of the adult who signs the application or an indication that the household member does not have a social security number;
- the current amount of income received by each household member identified by the individual who receives it, and the source of the income, such as wages, welfare, alimony; and
- signature of an adult household member.

**Required information to determine income eligibility for foster children:**

- name of the child,
- child's personal income, and
- signature of an adult household member.

**For children from food stamp or AFDC/income eligible households:**

If a child is not a member of a food stamp household or an AFDC assistance unit but resides in a larger household with other children who are food stamp or AFDC recipients, the application for that child **must** include all information to establish income eligibility for that child, i.e., the names of all household members, the social security number of the adult who signs the application or an indication that the household member does not have a social security number, the amount of income received by each household member identified by the individual who receives it, the source (including the amount of any AFDC or other welfare grant), and the signature of an adult household member. Food stamp benefits are **not** counted as income. When the SFA uses a multi-child application, the application would include both the food stamp and/or AFDC case number(s) for the child(ren) who are categorically eligible and the household size and income information for households establishing income eligibility.

The SFA **must not** delay approval of the application if the household fails to provide any information that is not required.

EXAMPLE: If the household does not complete the racial/ethnic identity question, that must not delay approval.

**Computation of Current Income**

Each household **must** provide the amount of income received during the month before applying. Income must be identified with the individual who received it, and where it comes from (such as wages, welfare, etc.). **It is the responsibility of the determining official to compute the household's total current income and compare the total amount to the IEGs.**

If only one income is given, compare that income to the relevant IEG for that timeframe.

EXAMPLE: For a household of five that receives one paycheck each month, compare their income to the monthly IEG for a five-person household.

If all incomes are received for the same timeframe, add all the incomes together and compare the total income to the IEG for that timeframe.

EXAMPLE: If both parents in a family of three receive paychecks each week, add the two incomes together and compare the total to the weekly IEG for a household of three.

However, households may report incomes for different time periods (e.g., one monthly, one biweekly, one weekly); the determining official should convert all reported incomes to the same time period (such as all to a monthly amount), and total the incomes to determine total household income. The official **must** then compare this figure and the household size to the IEGs and determine the eligibility of the household.

Use this computation if you need to convert incomes:

**To compute monthly income:**

- If income is received **every week**, multiply the total gross income by 4.33 to determine the monthly income.
- If income is received **every two weeks**, multiply the total gross income by 2.15 to determine the monthly income.
- If income is received **twice a month**, multiply the total gross income by 2 to determine the monthly income.

**Application  
Approval or  
Denial**

**Categorically eligible (food stamp/AFDC) households:**

Households that submit a complete application including a valid food stamp or AFDC case number for the child for whom application is made **must** be approved for free benefits.

School officials should familiarize themselves with valid food stamp/AFDC case numbers used in their areas before beginning application approval. If there is any doubt concerning the validity of the case number submitted on an application, the school official should contact local food stamp or AFDC officials. Applications with invalid case numbers may not be approved.



**Income eligible (non-food stamp or AFDC):**

Households that submit a complete application indicating total household income at or below the income limits for free or reduced price benefits **must** be approved for free or reduced price benefits, as appropriate.

Households that submit an incomplete application cannot be approved. If any **required** information is missing, the information **must** be obtained before an eligibility determination can be made.

To get the required information, the school may return the application to the household or contact the household either by phone or in writing. The determining official should document the details of the contact, and date and initial the entry.

**EXCEPTION:** If the application is missing the signature of an adult household member, the application **must** be returned to the household. In signing the application, the household member is certifying that the information on the application is true and correct.

Every reasonable effort should be made to obtain the missing information prior to denying the application.

Households that are not categorically eligible or income eligible cannot be approved for benefits.

If there are any inconsistencies or questions concerning the required eligibility information provided, the household's application **must** be denied unless the inconsistencies or questions are resolved. For instance, if it is unclear whether the household provided weekly or monthly income, this issue must be resolved before an eligibility determination can be made. The official may contact the household prior to denial, document the details of the contact, and date and initial the entry.

If the application form specifies a frequency of income such as monthly, then an SFA may, in most cases, assume that the income listed on the face of the application is received for that frequency unless the household has cited otherwise. If the amount appears to be inconsistent with the frequency, the school official should follow up.

When a household reports zero income or a temporary reduction in income, eligibility **must** be determined based on the present rate of income rather than on regular annual income. However, the approving official should issue temporary approval of the application.

The timeframe for a temporary approval may vary depending on the household's circumstances.

**Temporary  
Approval**

**EXAMPLE:** If the primary wage earner expects to return to work in 2 weeks, the temporary approval may be for a shorter time than if the primary wage earner has lost his or her job and has no prospects for a new one.

In general, a suggested time limit for temporary approval is 45 calendar days unless otherwise stipulated by the SA. At the end of the approval period, the school should contact the household to determine if the household's circumstances have changed. If there has been no change, the school should document the contact and extend the temporary approval. If the household's circumstances have changed, the school should send a new application to the household so that they may reapply for benefits.

**EXCEPTION:** Zero income on an application for a foster child or institutionalized child is acceptable and may be approved for the school year.

Eligible children should receive temporary approval in the following types of economic situations:

- temporary layoffs
- strikes (voluntary work stoppage)
- temporary receipt of public assistance (in cases where the application specifies receipt of public assistance for a limited time)
- zero income, for whatever reason (except foster children and institutionalized children)
- temporary disability.

### Households That Fail to Apply

Local officials may complete an application for a student **known to be eligible** if the household fails to apply.

When exercising this option, the school official **must** complete an application on behalf of the student based on the best household size and income information available and make an eligibility determination. **The source of the information MUST be noted on the application.** Names of household members, social security number, and signature of an adult household member need not be secured. These applications should be excluded from verification. However, the household **must** be notified that the student has been certified and is receiving free or reduced price benefits.

This option is intended for limited use in **individual** situations and **must not** be used to make eligibility determinations for categories or groups of students.



## Notification of Eligibility Determination

All households **must** be notified of their eligibility status.

Households **denied** benefits **must** be given written notification of the denial. The notification **must** advise the household of:

- the reason for the denial of benefits,
- the right to appeal,
- instructions on how to appeal, and
- a statement that households may reapply for free and reduced price benefits at any time during the school year.

## Changes in Household Circumstances

If approval for benefits is based on income and household size, the household **must** report increases in income of over \$50 per month or \$600 per year and any decreases in household size. When a household reports such changes, the SFA **must** review the information, make any appropriate change in eligibility, and notify the household.

If approval is based on receipt of food stamp or AFDC benefits, the household **must** report when it no longer receives benefits for the child. A household that reports such a change and wishes to continue benefits for the child **must** complete a new application and provide information to allow a determination of eligibility based on income, i.e., household size and income and a social security number for the adult household member who signs the application. The determining official **must** review the information, make an eligibility determination, and notify the household of that determination.

## Appeals

A household may appeal either the denial of benefits or the level of benefits for which they have been approved. When a household requests an appeal, the hearing procedures outlined in the SFA's free and reduced price policy statement **must** be followed.

## Recordkeeping

All free and reduced price applications, including applications from households denied benefits and inactive applications, **must** be kept on file for a minimum of 3 years after the end of the fiscal year to which they pertain, and they must be readily retrievable by school. Files must be kept longer if they are required by an audit. If audit findings have not been resolved, the applications **must** be maintained as long as required for resolution of the issues raised by the audit.

**For applications from households approved for benefits**, the determining official should indicate the date each application is approved, and the level of benefit for which each child is approved, and sign or initial the application.

**For applications from households denied benefits**, the determining official **must** identify and retain on file the reasons for the denial. Records should also include the date of the denial, the date the denial notice is sent, and the name of the determining official. These may be noted directly on the application.

**For changes in application status**, determining officials should note the change and the date of the change on the application and on any rosters used. When a child transfers to another school within the SFA, a copy of the application **must** be retained at both the sending and receiving schools and the date of the transfer noted. Current applications must be on file and there must be records to support transfers of students out of the school.

Applications may be maintained either at the school or at a central location with a list of eligible students maintained at the school. If an SFA elects to maintain applications at a central location, applications **must** be readily retrievable by school, and the SFA **must** ensure that changes in eligibility status and transfers in and out of the school are accurately reflected on each school's list in a timely fashion as required by regulations.

## Questions and Answers

### Processing Applications

1. Q. How much judgment or discretion may a school food authority (SFA) exercise in determining whether a household does or does not meet the eligibility criteria for benefits?
  - A. Frequently questions arise concerning what is to be included as income and what constitutes a household. The *Eligibility Guidance for School Meals Manual* is intended to provide guidelines for those individuals making eligibility determinations. The guidance cannot, however, address each individual situation. Determining officials will occasionally have to apply the broad concepts set forth in this guidance to some individual situations. If unusual situations unlike any examples in the guidance arise, the determining official should contact the SFA or State agency (SA), as appropriate.
2. Q. How quickly should I process applications?
  - A. Applications for new students and others who cannot be provided meal benefits based on the prior year's eligibility should be processed as quickly as possible. For children with an application on file from the prior year, such as returning students and new students who had siblings in the school the prior year, an eligibility determination should be made within 10 working days of the return of the new application, unless otherwise stipulated by the SA.
3. Q. If a migrant or other household leaves the SFA late in the school year, in March for example, and returns at the beginning of the next school year, may the children be fed based on last year's application prior to application approval?
  - A. Yes, if the children were eligible for benefits when the household left the SFA.
4. Q. If any item of required information is missing from the free and reduced price application, may the determining official make an eligibility determination on the basis of a sibling application or must he/she consider the application incomplete and take followup action?
  - A. A determining official may look to a complete sibling application for any item of required information except Aid to Families with Dependent Children (AFDC) or food stamp information. Since AFDC and food stamp categorical eligibility is on an individual basis, the determining official **must** either contact the household for that information or consider the application incomplete.

The official may staple the incomplete and complete applications together. In lieu of stapling the two applications together, the official may either photocopy the complete application and staple the photocopy to the incomplete application, or transfer the information from the complete application, initial it,



and note the source of the information. The complete application **must** be readily available for review.

5. Q. If any item of required information is missing from the free and reduced price application, may the determining official complete the application for the household using information derived from other records available to the school?
  - A. No item of required information may be derived from a source other than the household or a sibling application.
6. Q. A household voluntarily provided pay stubs that conflict with the income information on the application. According to the income information on the application, the household is eligible for benefits. However, from the pay stubs, it appears that the household is not eligible. What should the determining official do?
  - A. The submission of eligibility information that does not support the content of the application **must not** affect the initial eligibility determination. The determining official **must** approve or deny the application on face value and notify the household of the initial eligibility determination.

However, whenever the household submits eligibility information, either voluntarily or as required by the school, that does not confirm the level of benefits for which the household has been approved, the school official **must** take appropriate action. When this occurs at the time of application there are two options:

- The school may combine the notice of approval with the notice of adverse action in a single letter. This provides the household opportunity to resolve the discrepancy during the 10-day advance notice of adverse action.
- When the determining official believes that the household may have additional information substantiating the eligibility determination, the school may combine the notice of approval with the notice of selection for verification to give the household opportunity to submit additional documentation to confirm eligibility.

School officials are in the best position to determine the appropriate action to take. However, the inconsistency **must** be resolved.

7. Q. A household voluntarily provided pay stubs with the application but did not write the amount of each person's income on the application. All other items were completed. According to the pay stubs, the household is eligible for benefits. What should the determining official do?

- A. Rather than denying the application or returning the application to the household, the determining official may contact the household, by phone or in writing, to ensure that the household submitted all documentation of income. The official should document the contact, enter the information on the application, and initial and date the action.
8. Q. What is acceptable as an adult signature?
- A. Any printed name or cursive signature appearing in the space following the certification statement is an acceptable signature. We cannot expect all legal signatures to be cursive.
9. Q. When using a single child application, if the adult signature is missing, can a sibling's application be photocopied and/or stapled to the application missing the signature to make a complete application?
- A. Yes, if the remainder of the information is the same and if the child whose application is missing information is listed as a household member on the sibling application.
10. Q. Several applications, none of which is complete, are submitted from the same household for different children. How many sibling applications can be used to generate a complete application?
- A. There must be at least one complete application in which the household member has certified the information to be correct from which information may be obtained to complete one or more sibling applications.
11. Q. May the approval of applications be delegated to a food service management company along with other management responsibilities?
- A. No. The determination of eligibility for free and reduced price meals is an SFA responsibility and may not be assigned to a food service management company. School officials are directly responsible for determining eligibility and maintaining the confidentiality of the information on the application.
12. Q. If a sibling was not listed on last year's application but comes from a family with children who were eligible for free meals last year, can I claim free reimbursement for that child before applications are processed for the school year?
- A. Yes, the SFA may claim the same level of benefits for new children from households with children who were approved for benefits last year.
13. Q. In a computerized operation, where the computer generates the determination, does the determining official have to sign or initial each application?



- A. No. The determining official may sign or initial and date a sheet of paper that would then be attached to a batch of applications. However, the computer system should be able to capture the original date of approval and to update the status of applications to account for transfers, withdrawals, terminations, and other changes.

### Complete Application

1. Q. Does an emancipated child sign his/her own applications? Is a social security number required?

A. An emancipated child who lives alone as a household of one or as a member of a household with no adult household members **must** sign his or her own application. No social security number is required since the emancipated child is not an adult.
2. Q. Who signs the application for a foster child?

A. The foster parent or guardian or other official representative for the child **must** sign the application for a foster child; however, the foster parents' or guardians' income, household size, and social security number are not needed on the application.
3. Q. Does income have to be indicated on the application for a foster child?

A. Yes. The child's income **must** be considered for the eligibility determination. A foster child's income includes funds provided by the welfare agency that are specifically identified by category for the personal use of the child, such as for clothing, school fees, and allowances. In addition, other funds received by the child are included as income, for example, income a child earns for full-time or regular part-time employment, and money provided by the child's family for personal use. If funds are not specifically identified for personal use, income should be listed as "0," and the application should be approved for a full year. This also applies to applications for children residing in residential child care institutions.
4. Q. What if there is no income listed on an application? Do I consider it as zero or should I go back to the household for additional information?

A. If no income is listed on the application, the determining official should contact the household for additional information. If the determining official is unable to contact the household, the application **must** be denied because it is incomplete.

5. Q. What if the racial/ethnic data collection question is not completed?
- A. Parents' provision of this information is voluntary, and failure to provide the information **must not** affect the child's eligibility for benefits. SFAs are required to develop alternative means of obtaining racial and ethnic data for applicants when such information is not voluntarily provided by parents on the application.
6. Q. What applications may be considered for temporary approval?
- A. Applications that may receive temporary approval include those from households affected by temporary layoffs, strikes, temporary receipt of public assistance, and zero income. Zero income, however, may be acceptable for a foster child or institutionalized child. Determining officials should use their own judgement and consider temporary approval for other questionable situations.
7. Q. An application was approved for benefits and the household notified. During a review of the applications later in the school year, the reviewer discovered that the determining official had erred and that the information on the application did not support the household's eligibility for benefits. What should be done?
- A. Whenever there is a reduction or termination of benefits, for whatever the reason, households **must** be provided the 10-calendar-day written advance notice of adverse action. When there is an increase in the level of benefits, the household **must** be notified and the increase in benefit level provided promptly.
8. Q. What kind of notice is recommended for children determined to be eligible for free or reduced price meals?
- A. Households **must** be notified of their eligibility for benefits. SFAs should notify households of their child's eligibility for free or reduced price benefits either in writing or by phone. Households denied benefits **must** be notified in writing.

### Maintenance of Applications

1. Q. If I have temporarily approved an application, and if after the temporary approval period I know that circumstances have not changed, do I have to contact the household, or may I automatically extend the temporary approval?
  - A. After each temporary approval period, each household should be contacted again to offer the household an opportunity to report changes in household size and income information.
2. Q. May changes in the status of an application be maintained in a computer instead of being noted on the application?
  - A. Yes. Changes in the status of an application may be maintained in a computer instead of being noted on the application. School officials **must** ensure that the changes are readily retrievable by school and are provided to State and Federal reviewers along with the applications during a review of the applications.

## Part 5

### Income Eligibility

#### General

To determine if a household meets income eligibility requirements for benefits, school officials **must** compare the household size and the total household income to the income eligibility guidelines (IEGs). School officials may be asked by households for guidance on whom to include as a household member or what to include as income on the application for benefits. Although school officials may have to use their own discretion in some instances, the following guidelines are intended to provide assistance in answering questions from households and in making income eligibility determinations.

#### Determining Household Size

##### Household (Family)

A group of related or unrelated individuals who are not residents of an institution or boarding house but who are living as one economic unit.

##### Economic Unit

A group of related or unrelated people who share housing and/or all significant income and expenses of its members. Generally, individuals residing in the same house are an economic unit. However, more than one economic unit may reside together in the same house. Separate economic units in the same house are characterized by prorating expenses and economic independence from one another.

##### Household of One

A one-person household. This term applies to an emancipated child living alone or as a separate economic unit, a foster child, and an institutionalized child.

#### Special Situations

**Adopted Child** - An adopted child for whom a household has accepted legal responsibility is considered to be a member of that household.

**Child Attending an Institution** - A child who attends but does not reside in an institution is considered a member of the household in which he/she resides.

**Child Away at School** - A child who is temporarily away at school (e.g., attending boarding school or college) should be counted as a member of the household.



***Child Living with One Parent, Relative, or Friends*** - In cases where no specific welfare agency or court is legally responsible for the child or where the child is living with one parent, other relatives, or friends of the family, the child is considered to be a member of the household with whom he/she resides. Children of divorced or separated parents are generally part of the household that has custody.

***Emancipated Child*** - A child living alone or as a separate economic unit is considered to be a household of one. In some cases, an emancipated child may be living with relatives or friends, none of whom is an adult. If the household is one economic unit, all income and household members **must** be included to determine eligibility. Age is not a factor in defining an emancipated child.

***Foreign Exchange Student*** - A foreign exchange student is considered to be a member of the household in which he/she resides, i.e., the household hosting the student.

***Foster Child*** - A foster child is a child who is living with a household but who remains the **legal responsibility** of the welfare agency or court. Such a child is considered a household of one.

***Institutionalized Child*** - An institutionalized child is a child who resides in a residential-type facility that the State has determined is not a boarding school. Such a child is considered a household of one.

***Joint Custody*** - In cases where joint custody has been awarded and the child physically changes residence, the child is part of the household where he/she resides. Therefore, the child's eligibility could change monthly, weekly, or even daily depending on the rotating time periods at each household. The school food authority must ensure that the child receives the benefits to which the child is entitled during periods of eligibility.

***Family Members Living Apart*** - Family members living apart on a **temporary** basis are considered household members. Family members not living with the household for an **extended** period of time are not considered members of the household for purposes of determining eligibility, but any money made available by them or on their behalf for the household is included as income to the household.

## **Determining Household Income**

### **Reportable Income**

Income is any money received on a recurring basis, including **gross** earned income, unless specifically excluded by legislation. Specifically, gross earned income means all money earned before such deductions as income taxes, employee's social security taxes, insurance premiums, and bonds. Income includes the following:

### **Earnings from Work**

Wages, salaries, tips, commissions, net income from self-owned businesses and farms, strike benefits, unemployment compensation, workers' compensation.

### **Welfare/Child Support/Alimony**

Public assistance payments/welfare payments (Aid to Families with Dependent Children, Aid to Dependent Children, General Assistance, General Relief, etc.); alimony or child support payments; BUT NOT FOOD STAMP BENEFITS.

### **Pensions/Retirements/Social Security**

Pensions, retirement income, social security, supplemental security income, and veteran's payments.

### **Any Other Income**

Net rental income; annuities; net royalties; disability benefits; interest; dividend income; cash withdrawn from savings; income from estates, trusts, and/or investments; regular contributions from persons not living in the household; and any other money that may be available to pay for the child(ren)'s meals.

## **Current Income**

Households **must** report **current** income on a free and reduced price application.

Current income means income received by the household during the month prior to application. If this income is higher or lower than usual and does not fairly or accurately represent the household's actual circumstances, the household may project its annual rate of income based on the guidelines identified below.

## **Special Situations**

***Projected Income for Seasonal Workers and Others*** - Seasonal workers, such as migrants, and others whose income fluctuates usually earn more money in some months than in other months. Consequently, the previous month's income will commonly distort the household's actual circumstances. In these situations, the household may project its annual rate of income and report this amount as its current income. If the prior year's income provides an accurate reflection of the household's current annual rate of income, the prior year may be used as a basis for the projected annual rate of income.

***Income for the Self-Employed*** - Self-employed persons may use last year's income as a basis to project their current year's **net** income, unless their current net income provides a more accurate measure.

Self-employed persons are credited with net income rather than gross income as described here. Net income for self-employment is determined by subtracting business expenses from gross receipts.

- Gross receipts include the total income from goods sold or services rendered by the business.
- Deductible business expenses include the cost of goods purchased, rent, utilities, depreciation charges, wages and salaries paid, and business taxes (**not** personal Federal, State, or local income taxes).
- Non-deductible business expenses include the value of salable merchandise used by the proprietors of retail businesses.

Net income for self-employed farmers is figured by subtracting the farmer's operating expenses from the gross receipts.

- Gross receipts include the value of all products sold; money received from the rental of farm land, buildings, or equipment to others; and incidental receipts from the sale of items such as wood, sand, or gravel.
- Operating expenses include cost of feed, fertilizer, seed, and other farming supplies; cash wages paid to farmhands; depreciation charges; cash rent; interest on farm mortgages; farm building repairs; and farm taxes (**but** not local, State, and Federal income taxes).

***Income from Wages and Self-Employment*** - For a household with income from wages and self-employment, each amount **must** be listed separately. When there is a business loss, income from wages may **not** be reduced by the amount of the business loss. If income from self-employment is negative, it should be listed as zero income.

### **Income Exclusions**

Income **not** to be reported or counted as income in the determination of a household's eligibility for free and reduced price benefits includes:

- any cash income or value of benefits a household receives from any Federal program that excludes such income by **legislative prohibition**, such as the value of food stamps provided under the Food Stamp Program (see page 35 for a complete list)



- **student financial assistance** provided for the costs of attendance at an educational institution, such as grants and scholarships, awarded to meet educational expenses and not available to pay for meals
- **loans**, such as bank loans, since these funds are only temporarily available and must be repaid
- the value of **in-kind compensation**, such as military on-base housing or any other noncash benefit
- **occasional earnings** received on an irregular basis, e.g., not recurring, such as payment for occasional babysitting or mowing lawns.

### **Special Situations**

**Military Benefits** - Military benefits received in **cash**, such as housing allowances for military households living off base and food or clothing allowances, **must** be considered as income. An in-kind benefit, such as on-base housing, is not counted.

**Foster Child's Income** - Only the child's income is considered for eligibility purposes. The child's income includes:

- funds provided by the welfare agency that are specifically identified by category for the personal use of the child, such as for clothing, school fees, and allowances. Welfare funds paid to the foster parents identified by category for shelter and care, and those identified as special needs funds, such as those for medical and therapeutic needs, are not considered as income. Where welfare funds cannot be identified by category, no portion of the provided funds is considered as income; and
- other funds received by the child, including any income the child earns for full-time or regular part-time employment, and money provided by the child's family for personal use.

**Institutionalized Child's Income** - Payments from any source directly received by the institution on a child's behalf are not considered as income to the child. Only the income a child earns from full-time or regular part-time employment and/or personally receives while in residence at the institution is considered as income.

**Child's Income** - The earnings of a child who is a full-time or regular part-time employee **must** be listed on the application as income. However, occasional earnings, such as income from occasional babysitting or mowing lawns, should not be listed on the application as income.



***Alimony and Child Support*** - Any money received by a household in the form of alimony or child support is considered as income to the receiving household. However, any money paid out for alimony or child support may not be deducted from that household's reported gross income.

***Lump Sum Payments*** - Lump sum payments or large cash settlements are not counted as income since they are not received on a regular basis. These funds may be provided as compensation for a loss that must be replaced, such as payment from an insurance company for fire damage to a house. When lump sum payments are put into a savings account and the household regularly draws from that account for living expenses, the amount withdrawn is counted as income.

***Garnisheed Wages and Bankruptcy*** - Income is the gross income received by a household before deductions. In the case of garnisheed wages and income ordered to be used in a specified manner, the total gross income **must** be considered regardless of whatever portions are garnisheed or used to pay creditors.

## Questions and Answers

### Income

1. Q. Why is the off-base housing allowance provided to service personnel counted as income when the value of on-base housing is not?
  - A. Income is defined as all cash received on a recurring basis. In-kind benefits, by definition, are not cash payments, and, therefore, are not considered as income for the purpose of determining free and reduced price eligibility. School officials are not in a position to determine the value of in-kind benefits, such as housing for clergy, cars for salespersons, employee medical or dental benefits, etc. The income exclusion for in-kind benefits is uniform throughout the school meal programs. To treat in-kind benefits provided to military households differently from in-kind benefits provided to the general population would create an inequity. The fact that the value of military on-base housing is more readily identifiable than other sources of in-kind benefits would not lessen the inequity.
2. Q. What payments from Federal programs are excluded from consideration as income by legislative prohibition?
  - A. (1) The value of assistance to children and their families under the National School Lunch Act, the Child Nutrition Act of 1966, and the Food Stamp Act of 1977; (2) reimbursements from the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970; (3) any payment to volunteers under Title I (VISTA and others) and Title II (RSVP, foster grandparents, and others) of the Domestic Volunteer Service Act of 1973 to the extent excluded by that Act; (4) payments to volunteers under section 8(b)(1)(B) of the Small Business Act (SCORE and ACE); (5) income derived from certain submarginal land of the U.S. that is held in trust for certain Indian tribes; (6) payments received under the Job Training Partnership Act; (7) income derived from the disposition of funds to the Grand River Band of Ottawa Indians; (8) payments received under the Alaska Native Claims Settlement Act; (9) payments by the Indian Claims Commission to the Confederated Tribes and Bands of the Yakima Indian Nation or the Apache Tribe of the Mescalero Reservation; (10) payments to the Passamaquoddy Tribe and the Penobscot Nation or any of their members received pursuant to the Maine Indian Claims Settlement Act of 1980; (11) student financial assistance received under Title IV of the Higher Education Act of 1965, including the Pell Grant, Supplemental Education Opportunity Grant, State Student Incentive Grants, National Direct Student Loan, PLUS, College Work Study, and Byrd Honor Scholarship Programs, to the extent excluded by that Act; (12) Agent Orange Settlement Payments to veterans, that have been excluded under Public Law 101-201; and (13) payments received under the Civil Liberties Act of 1988.

Since programs are periodically added to the above list, school food authorities should contact the State agency when there is question of whether specific payments are to be included as income.

3. Q. What income is reported for students who reside in a residential child care institution (RCCI)?

A. Payments from any source, directly received by the institution on the child's behalf, are not considered as income to the child. However, the money a child personally receives or earns from any full-time or regular part-time source is considered income.

4. Q. Is an application with household size and income information required for students who reside in an RCCI and attend public school during the day?

A. Yes. The day school **must** have an application on file for each child for whom a free or reduced price meal is served and claimed for reimbursement, regardless of the child's place of residence.

Institutionalized children are not to be categorically certified as eligible for free or reduced price benefits. A record of each child's income, even if "0," **must** be identified on the application for free and reduced price meals.

5. Q. If the household indicates \$0 for income, is that sufficient?

A. "Zero income" is sufficient for a temporary approval. School officials should confirm the continued eligibility of a zero income application every 45 calendar days. However, some circumstances may warrant approval of a zero income application for the school year, such as for the foster or institutionalized child.

6. Q. If one household owns a housing unit and rents living space to another household, does the household receiving the rental fee have to report this amount as income?

A. Yes. Income includes money derived from rent of room(s), apartment(s), etc. If a household receives rental income from another household, it **must** be included as income. The treatment of rental income would be similar to the treatment of self-employment income.

### Household Size

1. Q. When foster parents apply for benefits for their own children, do they include their foster children as household members, and do foster parents include the payments provided by the welfare agency for care of the foster children as income to the household?

A. No. Since each foster child, including a preschool foster child, is a household of one, foster children are not included in the foster parents' household. Payments received by the household for care of the foster child are intended



to be used for the foster child and, therefore, are not included as part of the foster parents' income.

2. Q. What if a child lives with his/her parents and is required to pay for room and board? Is the child a separate household?

A. The child is considered to be a separate household only in those cases where the child is living alone or as a separate economic unit. Separate economic units are usually characterized by the prorating of most household expenses. Most students paying room and board are usually paying a token amount and are not economically independent of their parents and are therefore not considered to be emancipated.

3. Q. If two separate households rent living space (e.g., an apartment or house), and one household gives its portion of the rent to the other household which, in turn, transmits the full rent to the landlord, does the rental income given to the transmitting household count as rental income?

A. No. The transmitting household has not received income; rather it is performing a simple financial transaction that does not provide it with additional income.

4. Q. What do I do if a child is eligible for free meals, but the household wants to pay the reduced price?

A. The school should respect the family's wishes and allow the child to pay the reduced price charge. The application should correctly reflect that the child is eligible for free meals. However, the school should note on the application that the family has elected to pay the reduced price charge. The meals served to such a child **must** be claimed for reduced price reimbursement since the school received the reduced price payment from the household.

5. Q. How do I determine the eligibility of a household that has some children who are included under an Aid to Families with Dependent Children (AFDC) assistance unit and other children who are not under the AFDC assistance unit?

A. Children in an AFDC assistance unit are categorically eligible for free benefits. The application for such children need only contain the child's name, a current AFDC number, and the signature of an adult household member. The application for children in the same household who do not fall under an AFDC assistance unit **must** include the information required of all other households, i.e., name of all household members; social security number of the adult household member who signs the application or an indication that the household member does not have a social security number; the amount of income each household member receives and where it comes from (including the amount of the AFDC or other welfare grant); and the signature of an adult household member.





## Part 6

### Categorical Eligibility

#### Application Requirement

A child from a household currently certified to receive food stamps or from an Aid to Families with Dependent Children (AFDC) assistance unit is categorically eligible for free benefits.

School food authorities (SFA) **must** provide a household applying for free and reduced price meals for their child the opportunity to indicate on the application that the child is categorically eligible for free benefits.

When a household submits a complete application that contains: (1) the name of the child, (2) a current food stamp or AFDC case number, and (3) an adult signature, the determining official **must** approve the child for free meals or free milk, as applicable. No further application information is required.

#### Direct Certification

In place of determining eligibility based on information submitted by the household on the application, the SFA may determine children as eligible for free meals or free milk based on information obtained directly from the State or local agency responsible for the administration of the Food Stamp Program or AFDC Program. That agency may provide information that a child is a member of a household currently certified to receive food stamps or an assistance unit currently certified to receive AFDC benefits.

State agencies (SAs) and SFAs interested in implementing the direct certification provision should contact the State or local office that administers the Food Stamp Program or AFDC Program to enlist its cooperation, identify the information that is available, and establish a system for obtaining the information to satisfy the documentation requirements for direct certification.

SFAs **must** have SA approval to implement the direct certification provision, and SAs must ensure that SFAs' plans include the following:

- Documentation for those children certified as eligible by direct certification, which includes names of children from households currently certified to receive food stamps or AFDC; specific identifying information, such as the children's birth dates, addresses, parents' names, social security numbers or other appropriate personal identifiers that will match the names of children identified by the food stamp/AFDC office with the names of the children attending schools in the SFA; the signature of the responsible official certifying that the children are members of households currently certified to receive food stamps or AFDC; and the date. Documentation may be a computerized list or a letter provided by the food stamp or AFDC office to the household to take to the school. The letter **must** contain the same information as listed above and be an official document.
- The above documentation must be retrievable by school.
- A notice to households advising them that their children are eligible for free meals or free milk, as appropriate, and that no further application is required; that the household should notify the school if they do not want their children to receive free

benefits; and that the household **must** notify the school when they are no longer certified to receive food stamps or AFDC.

- Letters or notices and applications must be distributed to households of all children at the beginning of the school year to prevent overt identification and to ensure that no child is inadvertently excluded from participation.
- **School food authorities that implement direct certification are not required to send the letter or notice and application to those households eligible under direct certification IF these materials are distributed through the mail, individual student packets, or other method that prevents the overt identification of children eligible for direct certification.** Under this option, households eligible under direct certification will receive a letter notifying them that their children are eligible for free benefits, and other households will receive a parent letter or notice with an application form.

The letter or notice should say that households currently certified to receive food stamps or AFDC for their children will be notified of their eligibility and that their children will be provided free benefits unless the household notifies the school that they choose to decline benefits. The letter should also say that food stamp and AFDC households should not submit an application unless they are not notified of their eligibility by a specified date determined by the school.

SAs and SFAs should be aware that while compliance with the above requirements is sufficient for school year 1991-1992, procedures for school year 1992-1993 may change as a result of the regulation comment process.

## Part 7

### Verification of Eligibility for School Meals

#### Definition

Verification is confirmation of eligibility for free and reduced price meals under the National School Lunch Program or School Breakfast Program.

Verification **must** include either confirmation of income eligibility or confirmation that the child is included in a currently certified food stamp household or Aid to Families with Dependent Children (AFDC) assistance unit. At State or local discretion, verification may also include confirmation of (1) names of all household members; (2) social security numbers of all adult household members or an indication that a household member does not possess one; and (3) signature of an adult member of the family.

#### Exemptions from Verification

##### Verification efforts are not required:

- for children who have been certified under direct certification procedures
- in residential child care institutions (RCCIs) except for applications for any day students attending the institution
- in schools in which the Food and Nutrition Service (FNS) has approved special cash assistance claims based on economic statistics regarding per capita income, e.g., Puerto Rico and the Virgin Islands
- in schools in which all students are served with no separate charge for food service and no special cash assistance is claimed, i.e., nonpricing programs claiming only the paid rate of reimbursement
- in schools participating in the Special Milk Program (SMP)

NOTE: Schools may choose not to count applications for students in split-session kindergarten programs participating in the SMP in meal program schools when determining the verification sample size.

- of school food authorities (SFAs) in which all schools participate in the Special Assistance Certification and Reimbursement Alternatives except in those years in which applications are taken for all students in attendance.



## Verification Requirements

Annually, each SFA **must** select and verify a sample of applications approved for benefits, unless the State agency (SA) assumes responsibility for verification or the SFA is otherwise exempt from the verification requirement under the exemptions listed in the previous section.

SFAs **must** use either a "random" sampling method or "focused" sampling method to select applications to be verified. However, the SA may require all its SFAs to do either random or focused sampling. Check with your SA for this requirement.

**EXCEPTION:** An SFA may choose to verify all (100 percent) of the applications received.

### The required sample size is based on:

- (1) the total number of approved applications on file on October 31, and
- (2) whether the SFA employs random or focused sampling for selecting the applications to be verified.

**NOTE:** An application is counted as **one** application regardless of whether it is a multi-child application or an application for one child. The sample size depends on the number of paper applications, not the number of children represented.

### RANDOM SAMPLING

Under **random sampling**, the SFA **must** verify a minimum of the lesser of 3 percent or 3,000 of the total number of approved applications. A random selection procedure must be used.

## FOCUSED SAMPLING

Under **focused sampling**, the SFA **must** verify a minimum of:

- (1) the lesser of 1 percent or 1,000 of the **total** number of approved applications (both income and categorical). The sample is selected from **income** applications with total household income within \$100 monthly or \$1,200 annually of the income eligibility guidelines (IEGs) for free and reduced price meals; **PLUS**
- (2) the lesser of .5 percent (one half of 1 percent) or 500 of the total number of applications that were approved based on categorical eligibility, selected from applications with a food stamp or AFDC number.

### EXAMPLE:

300 income applications  
200 categorical applications  
150 direct certifications  
500 total applications in the application pool

**Remember**, direct certifications are not included in the application pool.

(1) 500 total applications	x .01	= 5
(2) 200 categorical applications	x .005	= 1
Total sample		= 6

- (1) A sample of 5 applications must be selected from the 300 income applications, **PLUS**
- (2) 1 from the 200 categorical applications.

Direct certifications do not need to be verified.

The SFA **must** complete verification of the minimum required sample size by December 15. Completion of verification is discussed further on page 54.

Verification **must** take place **after** the application has been approved even when the SFA requires households to submit documentation of eligibility with the application.

## Implementation

Although the required sample size under both random and focused sampling is based on the number of approved applications on file on October 31, SFAs may begin verification before this date. SFAs may project the number of approved applications that they anticipate will be on file on October 31, based on their experience. However, the SFA **must** compare this estimate with the actual number of applications on file on October 31 and increase the sample size if the total number of approved applications on file exceeds the estimate.

SFAs may verify more than the required minimum sample (up to 100 percent of all approved applications) as long as the selection of applications does not involve discrimination against anyone on the basis of race, color, national origin, age, sex, or handicap. **The SFA has an obligation to verify all questionable applications.** However, any verification that is done for cause is **in addition** to the sample required for either random or focused sampling.

The SFA **must** complete the verification process for all households that have been notified of their selection for verification and have been asked to submit verification information.

EXAMPLE: The SFA cannot select 5 percent of the applications on file and notify those households of their selection with the hopes of getting 3 percent to respond to fulfill the verification requirement.

The SFA **must** follow up with any household notified of their selection.

SAs that are assuming the verification responsibility for any or all of their SFAs may use a method other than random or focused selection.

**When calculating sample sizes, round all fractions or decimals upward to the nearest whole number.**

## Random Sampling

Under the random sampling method, each application **must** have an equal chance of being selected, including all categorical and income applications.

### Required Random Sample Size and Selection

The minimum required sample size is **3 percent or 3,000**, whichever is less, of **all approved applications on file** on October 31. A random sample should include both income eligible and categorically eligible applications. No attempt should be made to select only categorical applications.

Calculation and selection of the minimum required number of applications in the SFA to verify under random sampling:

**Step 1.** Count the total number of approved applications on file on October 31. Multiply the total by .03. **Round decimals upward.** At least one application **must** be verified.

Example: 340 applications  $\times$  .03 = 10.2 applications. Round upward to 11 applications.

**Step 2.** Compare the result in Step 1 to 3,000. The sample size is the lesser number.

Example: In this example, 11 applications **must** be verified to meet the required sample size.

**Step 3.** Randomly select the required number of applications.

(1) A selection interval may be used. This can be accomplished by dividing the total number of approved applications on file in the SFA by the sample size to determine the selection interval.

Example: If there are 340 applications on file and 11 are required to be verified, divide 340 by 11 = 30.9. In this case, the selection interval is 31. Number all the applications. Randomly select an application from the total approved, and then choose every 31st application until 11 applications have been selected.

(2) Another random method of selection would be to put all the applications in a container and draw the required number of applications.

**Under random sampling, at least one application must be verified.**



## **Focused Sampling**

In focused sampling, a minimum required percentage or number of applications approved based on **income eligibility must** be selected for verification AND a minimum required percentage or number of applications approved based on **categorical eligibility must** be selected for verification.

### **Required Focused Sample Size and Selection**

#### **For applications approved based on income information:**

one (1) percent of the total number of all approved applications in the SFA or 1,000 applications, whichever is less (the calculation includes applications approved based on income eligibility **and** those approved based on categorical eligibility);

select the 1 percent from applications that were approved based on household size and income information and that indicate total household income within \$100 (\$1200 yearly) of the IEGs; **PLUS**

#### **For applications approved based on categorical eligibility:**

one-half (.5) percent of the total number of applications in the SFA approved based on categorical eligibility or 500 applications, whichever is less;

select the .5 percent from the applications approved based on categorical eligibility.

The calculation of the minimum required number of applications with income information and the minimum number of applications with food stamp/AFDC case numbers that **must** be verified in the SFA under focused sampling is as follows:

**Step 1.** To determine the number of applications with income information that **must** be verified, count the total number of approved applications on file on October 31. Multiply this number by .01, **round any decimals up**.

Example: 50 applications with income information plus 250 applications with food stamp/AFDC case numbers = 300 total applications x .01 = 3 applications.

**Step 2.** Compare the result in Step 1 to 1,000. The required number of applications with income information to verify is the lesser number. In this case, 3 applications approved based on income eligibility **must** be verified.

**Step 3.** To determine the number of applications with food stamp/AFDC case numbers that **must** be verified, count the number that were approved based on categorical eligibility. Multiply this number by .005, **round any decimals up**.

Example: 250 applications with food stamp/AFDC case numbers x .005 = 1.25, round up to 2 applications.

**Step 4.** Compare the result in Step 3 to 500. The required number of applications with a food stamp/AFDC case number to verify is the lesser number. In this example, 2 applications approved based on categorical eligibility **must** be verified.

**Step 5.** Separate the applications into two groups: (1) the categorically eligible applicants who provided a food stamp/AFDC case number; and (2) the applicants who were approved on the basis of income information.

**Step 6.** From the group that reported income information, select the required sample size (as determined in Step 2) from applications with monthly incomes within \$100 or annual income within \$1,200 of the income eligibility limits.

If there are more applications with monthly income within these limits than needed to meet the minimum sample size, select the sample using any method that is equitable and ensures that the same households will not be selected year after year.

If there are not enough applications within the limits to meet the required minimum sample size, complete the sample using those applications with monthly income closest to the eligibility levels.

If the total number of applications containing income information is smaller than the required minimum sample size, verify all applications approved on the basis of income information.

**Step 7.** From the categorically eligible group, select the sample using any method that is equitable and ensures that the same household is not selected each year.

**For a focused sample, a minimum of one categorically eligible application and one income application MUST be verified.**

### **Verification at the Time of Application**

SFAs may require households to provide information to verify eligibility for free and reduced price benefits at the time of application. Schools electing this option are cautioned that they **must not** allow verification efforts to delay the approval of applications; nor can schools disapprove applications based on information submitted for verification. If an application is complete and indicates that the child is eligible for free or reduced price benefits, the application **must** be approved. Only after the determination of eligibility has been made can the school begin the verification process. Schools electing this option **must** observe the following three steps:

1. **Notice to Household** - Include a statement in the notice to the household that accompanies the application that, although the initial eligibility determination will be based solely on the application, households are required to submit verification of eligibility information with the application.
2. **Determination of Eligibility** - As applications are returned, review each application to determine household eligibility based on the submission of a complete application. Households **must** be informed of this initial determination of eligibility. **Lack of verification information or submission of verification information that does not support the content of the application MUST NOT affect the initial determination of eligibility.**
3. **Review of Verification Documentation and Notice of Adverse Action** - Any household that fails to submit requested verification information by the date specified by the SFA or that submits verification information that does not support the initial determination of eligibility **must** be sent a notice of adverse action. This notice **must** include all the required items in the standard termination or reduction notice, including giving the household 10 calendar days' advance notice of the termination or reduction of their benefits.

NOTE: Step 3 may be combined with Step 2 so that the notice of initial approval and notice of adverse action are combined in a single letter.



## Household Notification of Selection

Once households have been requested to provide income documentation, the SFA **must** complete the verification process for these households. If all households are requested to provide documentation, SFAs are responsible for completing the verification process for all households. Verification efforts should be completed within a reasonable time.

When a household is selected for verification and is required by the SFA to submit documents or other forms of evidence to document eligibility, the household **must** be sent a notice or letter informing them of their selection and of the types of information acceptable to the SFA. The letter or notice **must** include the following:

- that the household has been selected for verification;
- that the household **must** provide the social security number for each adult household member or indicate that a household member does not possess one;
- a Privacy Act statement (see page 10 for the Privacy Act requirements);
- the types of acceptable information that may be provided to confirm current income, including pay stubs, award letters from welfare departments, social security, and support payment decrees from courts;
- that the household **must** submit documentation of income received during the most recent month that is available. If this amount is unusual, the household should contact the SFA for assistance in determining acceptable documentation;
- that the household may provide proof that the child is a member of a currently certified food stamp household or AFDC assistance unit instead of providing income information and social security numbers of adult household members;
- that information **must** be provided by a date as specified by the SFA and that failure to do so will result in termination of benefits; and
- the name and telephone number of a school official who can answer questions and provide assistance.

When the SFA uses agency records (see page 50, Agency Records) to verify eligibility, the letter or notice of selection is **NOT** required, since the household will not have to provide documents and household cooperation will not be necessary.

## Verification Methods

**Written Evidence** - Written evidence is the primary source of eligibility confirmation for all households including food stamp and AFDC households.



Written evidence is most often pay stubs from employers or award letters from welfare departments or other government agencies submitted by the household to the verifying officials as confirmation of eligibility.

Acceptable written evidence contains the name of the household member, amount of income received, frequency received, and the date the income was received. For example, a pay stub with no dates would be insufficient.

**Collateral Contacts** - A collateral contact is a person outside of the household who is knowledgeable about the household's circumstances and can give confirmation of a household's income or food stamp or AFDC status.

Collateral contacts include employers, social service agencies, migrant workers' agencies, and religious or civic organizations.

The verifying official should request a collateral contact **only** in cases when the household has not been able to provide adequate written evidence.

The verifying official **must** give the household the opportunity to designate the collateral contact. However, the verifying official may select a collateral contact **if** the household fails to designate one or designates one who is unacceptable to the verifying official. In either case, no contact may be made without first notifying the household and obtaining their permission.

All collateral contacts are to be documented, dated, and initialed.

**Agency Records** - A household's eligibility may be confirmed through the use of information maintained by other government agencies to which the SA, SFA, or school has legal access. Although USDA regulations do not require that households be notified of selection when verification is made through agency records, such agencies may have their own notification requirements.

One source of agency records is the wage and benefit information maintained by the State employment agency if that information is available to the verifying official. Such records are State records, and the release of information maintained by State employment offices is governed by State law.

The SFA may also submit the names and case numbers of categorically eligible households to the local food stamp or AFDC office. Food stamp or AFDC offices are permitted to release eligibility information from their files to other Federal assistance programs and federally-assisted State programs.

## Verification of Income Eligibility

When using agency records, the SFA should request information for the most recent month available. Households that dispute the validity of income information acquired through systems of records **must** be given the opportunity to send more recent income information during the 10-calendar day period of advance notice of adverse action (see page 55).

### Request for Written Evidence

The notification of selection for verification **must** include a request for the household to submit written evidence of **current** income for all household members and the social security number of each adult household member 21 years of age or older.

One of the following three situations will result:

1. The household submits the required social security numbers and written evidence of current income that confirms the eligibility determination previously made. Verification is considered complete.
2. The household submits the required social security numbers, and written evidence of current income that shows the household's eligibility should be for either a higher or lower level of benefits than the eligibility determination previously made. Verification is considered complete when the letter of adverse action is sent or the household is notified that its benefits will be increased.
3. The household does not respond to the request for income information and/or social security numbers, or the household submits insufficient or obsolete written evidence. When either situation occurs, the SFA can do one of two things:
  - a. School officials may contact the household to request the missing written evidence and inform the household that failure to comply or to designate a collateral contact will result in termination. If the household subsequently cooperates, then either #1 or #2 above would apply. **OR**
  - b. School officials may terminate benefits to the household for failure to respond to the request for written evidence or failure to cooperate with the verification process. Verification is considered complete when the advance notice of adverse action is sent to the household.

### Verification Using Collateral Contacts

When the household has been unable to provide adequate written evidence, the household may identify a collateral contact from which the SFA could obtain the requested information, either orally or in writing.

A collateral contact would not be expected to provide social security numbers of the adult household members. These still **must** be provided by the household.

The SFA will examine any written information provided by the collateral contact or evaluate any oral information. Based on this, either situation #1 or #2 discussed on page 51 under request for written evidence will result.

If the collateral contact is unwilling or unable to provide the requested information, then benefits to the household should be terminated for failure to respond as discussed in #3 on page 51.

### Verification Using Agency Records

A household's eligibility may be confirmed through the use of information maintained by other government agencies to which the SFA has legal access (see page 50 for more details).

The SFA will examine the information received from the agency. Based on this review, either situation #1 or #2 listed on page 51 would apply.

**EXCEPTION:** Households that dispute the validity of the information **must** be given the opportunity to provide more recent income information during the 10-day advance notice period of adverse action.

### Advance Notice of Adverse Action

All households with children for whom benefits are to be reduced or terminated **must** be given 10 calendar days' **written** advance notice of the change. See page 55 of this manual for the specific information the notice must contain. The first day of the 10-calendar-day advance notice period is the day the notice is sent.

## Verification of Categorical Eligibility

### Request for Written Evidence

A school can place the responsibility for verifying receipt of food stamps or AFDC benefits on the household. The notification of selection **must** include a request for the household to submit written evidence of current certification to receive food stamp or AFDC benefits. Every time a household is approved for food stamps or AFDC, they are furnished with a letter of certification or notice of eligibility. The verifying official should examine this notice of eligibility to ensure that the child for whom application was made is part of a household **currently** participating in the Food Stamp Program or AFDC Program. If a food stamp household has misplaced the notice of eligibility or notice of certification, a current "Authorization to Participate" (ATP) card is adequate proof of current certification. ATP cards are usually issued once a month and are immediately redeemable by the household at a bank or elsewhere for the actual food stamps.



A food stamp or AFDC document that does not specify the certification period is **not** adequate for documentation. For example, the food stamp identification card is not acceptable because it usually does not have an expiration date.

A household that does not have satisfactory food stamp or AFDC documentation may request a signed, dated letter from the food stamp or AFDC office certifying that the child is part of a household currently receiving benefits.

Verification is complete when the household submits adequate documentation of current participation in either the Food Stamp Program or AFDC Program or a letter of adverse action is sent.

### **Agency Records**

Verification of eligibility for households that provided a food stamp or AFDC case number on the application may be accomplished by submitting a list of names and food stamp or AFDC case numbers to the local food stamp or welfare office for confirmation of receipt of benefits from agency records.

To facilitate the verification process, contact should be made with the local food stamp or welfare office prior to submitting such lists to discuss the methods by which verification requests should be handled. SFAs that verify eligibility through the local food stamp or AFDC office should do so as early as possible. This will ensure that there is sufficient time for that office to respond to the request **and** sufficient time to acquire other verification if households are identified as **not** currently receiving food stamps or AFDC or if the food stamp or AFDC office does not respond in a timely manner. If circumstances beyond the control of the SFA delay verification, the SFA may request that the SA allow an extension of the verification deadline. Any extension of the deadline **must** be approved by the FNS regional office.

Verification is **complete** when the local food stamp or AFDC office certifies that the household is currently receiving food stamps or AFDC or the school sends a notice of adverse action.

### **Advance Notice of Adverse Action**

When it is determined that the child is not part of a household currently receiving food stamps or AFDC, the household **must** be given 10 calendar days' **written** advance notice of termination and **must** be informed that to continue school meal benefits they **must**:

- submit an application providing income information,
- submit names and social security numbers for each adult household member, and
- submit written evidence that confirms current household income.



## Completion of Verification

The first day of the 10-calendar-day advance notice period is the day the notice is sent.

Verification of the required sample size **must** be completed by December 15 of each year. If the SFA believes that it will not meet this deadline, a written request for an extension **must** be submitted to the SA prior to December 15. This request **must** then be submitted to FNS for approval.

Verification of an individual application is complete when a household's eligibility for the level of benefits for which it was approved is:

- confirmed or
- changed to a higher level of benefit or
- a letter of adverse action has been sent informing the household that benefits will be reduced or
- a letter of adverse action has been sent informing the household that benefits will be terminated.

## Verification Results

Verification of a household's income eligibility for free or reduced price meals **must** result in one of the following:

**No change in benefit level** - The household's current documentation supports the level of benefits for which the household has been approved.

**Reduction in benefit level** - The household's current documentation identifies income too high for the level of benefits for which the child has been approved. Therefore, the household's eligibility **must** be changed from free to reduced price or from reduced price to paid.

**Increase in benefit level** - The household's current documentation qualifies the household for free meals rather than reduced price meals. Therefore, the household's eligibility **must** be changed from reduced price to free meals.

**Termination of benefits** - Free and reduced price benefits **must** be terminated for households that do not respond to verification efforts or whose current documentation does not support eligibility for either free or reduced price meals.

If verification results in a change in benefit level or termination, the change **must** be extended to **all** children in the household who were determined eligible by information that no longer supports the benefit level.

If verification results in higher benefits (e.g., a child who is moved from the reduced price to free category), this change is effective immediately. Parents should be notified through whatever channels the SFA uses to notify the household of approval for benefits.

## Notification of Adverse Action

All households for whom benefits are to be reduced or terminated **must** be given 10 calendar days' written advance notice of the change.

The first day of the advance notice period is the day the notice is sent.

The notice **must** advise the household of the following:

- the change in benefits,
- the reasons for the change,
- that an appeal **must** be filed within the 10-day advance notice period to ensure continued benefits while awaiting a hearing and decision,
- the instructions on how to appeal,
- that the household may reapply for benefits at any time during the school year, and
- that food stamp or AFDC households may submit an application containing household names and income information and provide written evidence of current household income and the social security numbers of adult household members.

## Benefits During Appeal of Verification Results

When a household appeals a reduction or termination of benefits within the 10-calendar-day advance notice period, the SFA **must** continue to provide the benefits for which the child was originally approved until a final determination is made.

When a household does not appeal a reduction or termination of benefits during the 10-calendar-day advance notice period, the actual reduction or termination of benefits **must** take place immediately after the 10-day advance notice period.

## Hearing Procedure

The hearing procedure in the SFA's free and reduced price policy statement **must** be followed.

The hearing official **must** be an individual who was not connected with the approval or verification process.

The household may request a school conference prior to a formal hearing. Any such conference **must not** prejudice a later appeal.

## Households that Reapply for Program Benefits

Households affected by a reduction or termination of benefits may reapply for benefits at any time during the school year. However, if benefits to a household have been terminated and the household reapplies in the same school year, it should be required to submit income documentation or proof of participation in the Food Stamp Program or AFDC Program (such as a case number) at the time of reapplication. The SFA may verify the households' eligibility **prior** to approval. These are not considered new applications.

## Recordkeeping

Documentation **must** be kept by the SFA to demonstrate compliance with the verification requirements when SFAs are reviewed by State or Federal reviewers. Documentation would also be needed in case of an applicant's appeal.

SFAs **must** maintain a description of their verification efforts. The description **must** include:

- a summary of the verification efforts including the selection process;
- the total number of applications on file on October 31; and
- the percentage or number of applications that are/will be verified by December 15.

In addition, verified applications **must** be readily retrievable by school. For each application the SFA must keep records of the source of information used to verify the application such as the food stamp office, wage stubs, or collateral contacts. The following information **must** be documented:

- copies of all relevant correspondence between the households selected for verification and the SFA or school;
- if the application is verified by documents submitted by the household, the SFA **must** retain either: (1) all documents submitted by the household; (2) reproductions of those documents; or (3) in cases where the actual documents or photocopies cannot be kept, the verifying official **must** make a written record of the documents submitted by the household including the type of document, e.g., wage stubs or letter from an employer, income shown on the document, time period of the income, and the date of the document; and
- any changes in eligibility as a result of verification procedures, the reasons for the changes, and the date the change was made.

SFAs should also record:

- any additional information necessary to show the efforts made by the SFA to meet the verification requirements, and
- the title and signature of the verifying official.



## Questions and Answers About Verification

1. Q. What kind of written evidence is required for verification of a foster child's application?
  - A. School officials should contact the household in which the foster child resides and ask for the name, agency, and phone number of the social worker assigned to that child. A phone call to the social worker confirming the child's status as a foster child and the amount of money designated by the agency for the child's personal use is sufficient verification. The school official should, however, document the phone conversation with the social worker (identifying the social worker, agency, phone number, status of the child, and the child's personal-use income). Another approach would be to ask the foster family for a copy of a written communication between the foster family and the placement agency in which the status of the child and the financial arrangement is stated. If the family is unable to provide such information, a phone call to the placement agency to confirm the child's status and income should be made prior to denying the child free meals.
2. Q. What if an application is selected for verification, but the household transfers out of the school district before the information can be verified?
  - A. Verification is considered complete when a household's eligibility for the level of benefits for which it was approved is either confirmed or the household is sent a letter of adverse action. If a household selected for verification transfers out of the district before the information can be verified, verification cannot be completed. To meet the minimum verification requirements, a new application **must** be selected.
3. Q. What if I use other agency records and the agency does not provide a response before December 15?
  - A. Any extensions to the December 15 deadline **must** be approved in writing by the Food and Nutrition Service. If the school food authority (SFA) contacted another agency well in advance of the December 15 deadline, it has demonstrated good faith and would likely be given an extension.
4. Q. How is overtime income counted for the purposes of verification?
  - A. The school official should work with the household to determine whether the overtime for the month being verified is representative of overtime received in other months. If the overtime is a one-time or sporadic source of income, income should be calculated based on the regular monthly income without overtime.
5. Q. Am I verifying eligibility at the time of application or current eligibility?



- A. Verification is intended to establish current eligibility. When written evidence or collateral contacts are the primary sources of information, the SFA **must** require submission of income information for the **most recent full month that is available**. When using a system of records, the SFA may choose to verify a recent month and the entire sample may be verified for the same month. Households that dispute the validity of income information acquired through systems of records **must** be given the opportunity to produce more recent income information.
6. Q. If a household is paid weekly and submits a pay stub for a week, must I go back and ask for pay stubs for a whole month?
- A. No. If the weekly pay stub is representative of the what the household normally receives each week, one pay stub is sufficient.
7. Q. If an SFA chooses to do 3-percent verification, **must** it select 3 percent of the applications from each school in the SFA or is the sample selected from the SFA as a whole?
- A. SFAs are required to select and verify a sample of their approved free and reduced price applications. The SFA as a whole **must** meet the 3-percent sample. This does not mean that each school has to do 3 percent. The sample may be selected from one or more schools or from the SFA as a whole, **provided that** the verification efforts are applied without regard to race, sex, color, national origin, age, or handicap. Also, any selection method **must** ensure that all applications are subject to being sampled; e.g., if the SFA has decided to select the 3-percent verification sample from only one school in the SFA, all applications in that one school **must** have an equal chance of being selected. Also, if verification is done in only one school, the same school should not be selected each year.
8. Q. If my sample size is 4.2 applications, do I verify 4 or 5?
- A. Partial numbers **must** be rounded up to the next whole number. You must verify 5 applications.
9. Q. If a larger sample is selected, such as 5 percent, does the 5 percent have to be verified by December 15?
- A. The SFA only has to meet the minimum sample requirements, i.e., 3 percent under random sampling, by December 15. The remaining 2 percent, while it has to be completed, may be completed after December 15 but as soon as possible.

10. Q. Do we have to maintain the actual documentation from verification or just the results of verification?

A. SFAs are required to maintain three things: (1) a description of their verification efforts, (2) documentation of the verification, and (3) the results of the verification. The description **must** summarize the selection process and techniques, the total number of applications on file on October 31, and the percentage or number of applications verified.

The applications selected must be readily retrievable by school, and the SFA must document correspondence between the selected households and the SFA or school. If the application is verified by documents submitted by the household, the SFA must either retain the documents or a photocopy, or if that is not possible, the relevant information can be copied from the document. If the SFA chooses to copy the information, enough of a record must be retained from the document to verify eligibility, including the type of document, e.g., ATP card or pay stub, time period of eligibility or income, income shown on the document, and the date of the document. If other sources are used to document eligibility, such as the food stamp office or collateral contacts, records of those sources and the information received must be documented as well.

The SFA must also keep a record of any change in eligibility as a result of verification procedures, the reason for the change, and the date the change was made.

11. Q. When an advance notice of adverse action has been sent to a household, can I claim reimbursement for that child during the period covered by the advance notice?

A. Yes. The household must be given 10 calendar days' advance notice that a change is being made in the child's eligibility status. During that time, the child must continue to receive free or reduced price meal benefits and the SFA may continue to claim reimbursement for free or reduced price meals served to the child during this period.



## Part 8

### Glossary

**AFDC Assistance Unit** refers to any individual or group of individuals currently certified to receive assistance under the Aid to Families with Dependent Children (AFDC) Program in a State where the standard of eligibility for AFDC benefits does not exceed the income eligibility guidelines for free meal or milk benefits.

**Categorical Eligibility** means that any child who is a member of a food stamp household or an AFDC assistance unit is automatically eligible for free meals or free milk. Such households **must** provide current food stamp or AFDC case numbers on the application for free and reduced price meals or free milk to establish their categorical eligibility, unless the school food authority has implemented direct certification.

**CFR** stands for the Code of Federal Regulations. Child nutrition regulations are contained in Title 7 of the Code of Federal Regulations.

**Commodity School Program** is the program under which participating schools operate a nonprofit lunch program and receive donated food assistance in lieu of general cash assistance.

**Direct Certification** is the process of establishing children's categorical eligibility for benefits by obtaining documentation directly from the State or local food stamp or AFDC office that the children are from households currently receiving food stamps or AFDC benefits. Households determined eligible for meal or milk benefits through direct certifications are not required to submit a free and reduced price application to the school.

**Food and Nutrition Service (FNS)** is the agency within the U.S. Department of Agriculture that is responsible for administering the National School Lunch Program, School Breakfast Program, Special Milk Program, Commodity School Program and other food assistance programs.

**FNSRO** is the Food and Nutrition Service regional office.

**Food Stamp Household** refers to any individual or group of individuals currently certified to receive benefits under the Food Stamp Program.

**Free Meal** is a meal served under the National School Lunch or School Breakfast Program to a child from a household eligible for such benefits under 7 CFR Part 245 and for which neither the child nor any member of the household pays or is required to work in the school or in the school's food service.

**Free Milk** is milk served under the Special Milk Program to a child from a household eligible for free milk under 7 CFR Part 245 and for which neither the child nor any member of the household pays nor is required to work in the school nor in the school's food service.



**Income Eligible** means that any child from a household whose current income is at or below the household size/income limits set forth in the income eligibility guidelines (IEGs) is eligible for either free or reduced price meals or free milk, as applicable. Such households **must** provide household size and income information on the application for free and reduced price meals or free milk to enable school officials to compare the household information to the IEGs.

**Income Eligibility Guidelines (IEGs)** are the household size and income levels prescribed annually by the Secretary of Agriculture for determining eligibility for free and reduced price meals and for free milk. The free guidelines are 130 percent of Federal poverty guidelines and the reduced price are 185 percent of poverty guidelines.

**National School Lunch Program (NSLP)** is the program under which participating schools operating a nonprofit food service receive general and special cash assistance and donated food assistance in accordance with 7 CFR Part 210.

**Overt Identification** means any act that openly identifies children as eligible for free or reduced price benefits in the National School Lunch Program, School Breakfast Program, or Special Milk Program.

**Reduced Price Meal** is a meal served under the National School Lunch Program or School Breakfast Program to a child from a household eligible for such benefits under 7 CFR Part 245. The price of this meal **must** be less than the full price of the meal and no more than 40 cents per lunch and 30 cents per breakfast. Neither the child nor any household member can be required to work in the school or in the school's food service to supplement the cost of the meal.

**Residential Child Care Institution (RCCI)** is generally any distinct part of a public or nonprofit private institution that (1) maintains children in residence, (2) operates principally for the care of children, and (3) if private, is licensed by the State or local government to provide residential child-care services under the appropriate licensing code.

**School Breakfast Program (SBP)** is the program under which participating schools operating a nonprofit food service receive cash assistance in accordance with 7 CFR Part 220.

**School Nutrition Programs (SNP)** are the National School Lunch Program, School Breakfast Program, Special Milk Program, and Commodity School Program.

**School Food Authority (SFA)** is the governing body that is responsible for the administration of one or more schools and either has the legal authority to operate the program in these schools or is otherwise approved by FNS to operate the program.

**Special Milk Program (SMP)** is the program under which participating schools operating a nonprofit milk program receive cash assistance for each half-pint of milk served in accordance with 7 CFR Part 215.

**7 CFR Part 245** is the regulation governing the determination of eligibility for free and reduced price meal benefits in the National School Lunch and School Breakfast Programs and for free milk in the Special Milk Program.

**Special Assistance Certification and Reimbursement Alternatives** are the two optional alternatives for free and reduced price meal application and claiming procedures in the National School Lunch and School Breakfast Programs.

**State Agency (SA)** is either (1) the State education agency or (2) any other agency of the State designated by the governor or other appropriate executive or legislative authority of the State and approved by USDA to administer the school nutrition programs.

**United States Department of Agriculture (USDA)** is the Federal agency designated by Congress to administer the National School Lunch, School Breakfast, Special Milk, and Commodity School Programs.



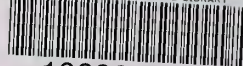
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